GRUMMAN DAILY EDITION
plane news
October 19, 1981

Family struts its stuff. *Over 1,000 Grummanites turned out to show their pride in their company yesterday. In their largest demonstration to date, Grummanites marched with thousands from over 200 other organizations in Long Island Association's Project Pride parade at Hecksher Park. The Grummanites took the opportunity to show that they were unified in their resolve to keep Grumman independent.*

Judge Mishler's ruling aids Grumman's fight

On Friday, October 16, U.S. District Court Judge Jacob Mishler refused to bar Grumman or its pension plan from purchasing more of its own stock. In addition, Mishler refused to neutralize the voting power of purchases already made.

In Friday's 10-page decision, Mishler dismissed as "without merit" arguments by LTV that shares purchased by Grumman and its pension plan constituted a tender offer and therefore violated Securities and Exchange Commission (SEC) regulations on proper procedures for such offers.

Mishler also ruled that LTV has no legal right to allege that Grumman's pension plan trustees violated the Employees Retirement Income Security Act of 1974 (ERISA) by failing to act in the plan members' best interests.

Meanwhile, the company continued to buy Grumman common shares last Friday. On Tuesday, October 13, Jack Bierwirth announced that the company may purchase Grumman common shares "from time to time...up to approximately 1,000,000 common shares in the market and in privately negotiated transactions."

Though the company opted not to disclose the number of shares purchased, it did say that the corporate requirements have not been met.

Last week, the Grumman pension plan purchased 1.16 million shares, bringing its total to 1.68 million. Bierwirth also noted that a poll of Grumman shareholders has disclosed that the great majority would not tender their shares to LTV.

In related developments, Judge Mishler issued a preliminary injunction on Wednesday, October 14, prohibiting LTV from soliciting or purchasing any more Grumman shares. The next day LTV filed notice of appeal in the U.S. Court of Appeals for the Second Circuit in Manhattan.

A hearing on LTV's appeal is slated for October 28. Attorneys for LTV are to file briefs by Wednesday, October 21; Grumman's lawyers must file by October 26.

In October 14's 65-page decision, Mishler found "sufficient evidence to corroborate the possibility of violations of antitrust laws by LTV." He also said that both Grumman and the public interest were threatened by the proposed merger of Grumman and Vought, LTV's aerospace subsidiary. The judge also found that there was ample evidence to indicate that LTV's offering materials contained omissions or misrepresentations of material facts.

Full cooperation

Last week, representatives of the U.S. Department of Labor (DOL) visited Grumman to interview Bierwirth and others pertaining to the Grumman pension plan and its recent acquisition of Grumman shares. DOL also requested materials and documents, so that it can be assured that pension plan trustees acted in the best interests of the plan members. The company is cooperating fully with all DOL's requests.

October 16, 1981 — Grumman shares closed at 28 5/8 today; approximately 176,300 Grumman shares were traded.

Bierwirth goes on camera

Would you like to talk to Jack Bierwirth about the LTV takeover attempt? Here's a golden opportunity to do just that.

Bierwirth will be the guest on the call-in television show "Money Matters" tonight at 8:30 on Teleprompter cable channel 10. Channel 10 serves the Long Island communities of Bay Shore, Islip, East Islip, Islip Terrace, Great River, Babylon Terrace and parts of West Islip.

How do you spell greed?

The Delaware, Ohio, Gazette *ran this editorial earlier in the week backing Grumman's fight to remain independent:*

How do you spell greed?

Around Delaware and Loudenville and Bethpage, N.Y., you start with L.T.V., thanks to the LTV Corp.'s bid to take over the Grumman Corp. The issues at stake are much larger than the 1,400 Delaware jobs at Grumman Flxible Corp. or Ohio's total 2,700 Grumman jobs or the welfare of all Grumman Corp. employees and managers, for that matter.

The issues involve America's welfare.

We agree. "Big isn't necessarily bad," and, certainly, "Profit is not a dirty word." However, we also believe bigger is not necessarily better, and profits that benefit the greatest number of people are best.

America needs another slogan: "Competition isn't always inefficient."

The late, great historian Allan Nevins led the way 20 years ago in assessing the role industrial giants have played in America's greatness. He underlined, for example, how the companies built by Henry Ford and others ultimately provided the "Arsenal of Democracy" so vital to winning World War II.

An essential part of America's free enterprise strength comes from competition, the Nevins thesis showed. If Ford had taken over General Motors and Chrysler and all of its competitors, say in the 1930's, the Arsenal of Democracy could not have reached the magnificent productive level it did in the 1940's.

If the LTV Corp. of Dallas, Tex. takes over the Grumman Corp. of Bethpage, N.Y., the U.S. Navy is likely to pay more for a poorer choice of aircraft in the future. Why? Because LTV, as owner of both Grumman and Vought, can be more "efficient" -- spending less money on engineering details and charging higher prices for jet fighters -- than it does now when its Vought aircraft subsidiary has to bid against Grumman. That was why Adm. Elmo Zumwalt testified against the takeover in court last week.

Meanwhile, the race for better quality and lower prices in marketing advanced design urban-transit buses between Grumman Flxible and General Motors would be called off. If LTV dumped Grumman Flxible, as is widely predicted, GM would still compete with foreign makers, of course, but America would surely lose something valuable.

Greedy conglomerates threaten to weaken, if not destroy, one great advantage America's free enterprise system has enjoyed -- the spur of competition.

Of course, diversification can spread strength through a great corporation, for example enabling management to prop up a temporarily weakened subsidiary with profits from others. That is what the Grumman Corp. is doing with Grumman Flxible right now, absorbing millions in losses caused by the bus breakdown because Grumman wants to stay in the "people-moving" business for the long haul.

However, LTV Corp.'s bad experience with people-moving in the Dallas-Fort Worth Airport, plus the whole thrust of LTV since Chairman Paul Thayer took over 11 years ago, mark Grumman Flxible for probable extinction if LTV takes over.

Of course, one owner can be more efficient than several, effecting consolidations, better purchasing agreements and larger cash reserves on which to draw.

Sometimes in the name of efficiency, however, managers have been known to throw away good enterprises. That is one thing Grumman executives fear, as LTV seeks to manage their corporation.

And that is why we hope the U.S. District Court in New York will rule against LTV's proposal this week. Failing that, we hope Grumman stockholders or some other heroes will rise up to protect Grumman Corp. in its determined effort to make America stronger through good, old-fashioned competition, whether in building buses or F-14 fighter planes, and providing 27,000 jobs from New York to Ohio as a valuable bonus.

Getting his message across. *Ray Lokkeberg, manager of the F-14 Development Lab, bought 300 shares of Grumman stock to help fight the LTV takeover bid.* Fortune *magazine wanted to know why. His answer, printed in the November 2 issue, was, "Any share in the hands of an employee is a share LTV won't get."*

PLANE NEWS/Daily Edition

Published to keep you informed about the unsolicited takeover attempt.

Questions or comments? Contact us.

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